

## **2007 Assessing Standards Board Public Forum Answers**

### **Open Letter To ALL:**

The 2007 public forums of the ASB/ESB are over and we have heard from the public. The questions asked made it is obvious to the ASB that there is a great deal of interest in the property assessing procedures occurring in the state of New Hampshire. It was also obvious by the questions asked that the general public is not fully informed on this process. It is a desire of the ASB in the future to hold educational presentations throughout the state to better inform those members of the general public who demonstrate a genuine interest in learning the property assessing process.

One of the issues that we heard was that the local assessors and assessing firms raise the assessed value of property in order to raise more revenue for their local governments. Increasing values does not increase the amount of money to be raised. In reality the need for revenue comes from the city, town, school and county budgets. The value of our property is based on market value, not on how much money needs to be raised from taxes. Once the budget is established, increasing values simply decreases the tax rate. In order to control the budget all residents have to stay informed and involved in their local and county governments.

The legislature recognized the need for more transparency and documentation of the assessing process. The legislature remanded the issue of documentation and transparency to the ASB for resolution. ASB's answer was a recommendation to the legislature for legislation that accomplished the deed. This legislation was HB1206, which requires that any revaluation of property in the state of New Hampshire that is completed in the year 2007 and in the future shall document in clear and understandable language how the values of the individual properties are determined. In addition, the assessors and the assessing firms need to be able to document and defend the process they used to reach these values. The intent of HB1206 was to make the process more understandable to the general public in order for them to become more involved. It is the desire of the ASB to have the public involved in overseeing that their assessment is fair and equitable. HB1206 is a friend of the taxpayer.

The ASB has reviewed all the questions and asked for technical assistance from DRA for the technical questions and the board has discussed those questions dealing with the policy issues. We have issued the following answers to those questions.

We would like to thank all of the public, Department of Revenue personnel, the General Court, the Governor and the board members for all the work, dedication and approval given to making the assessing process in New Hampshire more transparent and accountable for 2007 and the future.

**NEW HAMPSHIRE PROPERTY TAX SYSTEM**  
**SUMMARY**  
**May 1, 2007**

The following explanation summarizes the budget, assessment, equalization and assessment review processes to assist taxpayers in understanding New Hampshire's property tax system.

**STEP I: THE BUDGET PROCESS**

**Every property owner is responsible for paying a portion of the money necessary to operate their town or city, their school district, their village district (if any) and their county. Each town or city, school district, village district and county must establish a budget, hold public hearings on the budget and submit the budget to their legislative body for approval.**

Who are the legislative bodies that vote the appropriations necessary to fund the town or city, school and county budgets? For a town, the annual town meeting is the legislative body, which appropriates money to operate the town. The annual school district meeting does the same for the schools, and the annual village district meeting does the same for districts. Generally for a city, or a town with a town council form of government, the council or board of mayor and alderman vote the appropriations. The county delegation, comprised of the State Representatives from the county, appropriate the money necessary to fund county government. This amount is apportioned to each town or city in that county based on its proportion of the total equalized property value in that county.

It is these appropriations, voted by either your elected representatives at county delegation meetings and council meetings, or voted by you at your annual town and annual school district meetings, which establish the basis for property taxes in New Hampshire.

**STEP II: THE ASSESSMENT PROCESS**

Your property taxes are based upon the assessed value of your property as of April 1. This means that your tax bill, generally due in December, reflects the assessment of your property on the previous April 1. For example, if you built a garage on May 15 of this year, you would not be assessed taxes on that garage until next year, since the garage did not exist on April 1.

It is the responsibility of the selectmen or the assessor to annually determine the local assessed value of the property within your municipality as of April 1 each year. This assessment is best determined by a complete revaluation or update of all property within your town or city.

During a revaluation, property is physically reviewed and then valued based upon either the sale prices of other comparable properties or by other means. Theoretically, the intent of a revaluation is to assess property at its "full and true" value, often referred to as "market" value. But more importantly, the purpose of a revaluation is to insure that property within your municipality is assessed proportionally so that each property owner bears their share of the property tax burden based upon the "value" of their property.

A complete annual revaluation can be costly and time consuming. Consequently, a complete revaluation is not conducted every year. A revaluation establishes base year property values. In the years following a revaluation, the assessors value the pick-ups: the new construction, the subdivisions, and other changes to the property. Depending on the amount of change reflected in

current sales, assessors may also conduct partial revaluations or statistical updates. In any event assessors must maintain proportionality among all property values on an annual basis.

Pick-ups (new construction and improvements) are assessed as of April 1. Unless all properties are updated to current market value; pick-ups are valued not at current year values, but valued at the revaluation year values. That way, if a revaluation had been done in 2005, a 3-bedroom cape style home built in 2006 will be assessed comparably to a 3-bedroom cape style home built in 2005. This assumes all other factors affecting the value of the home are the same, such as the neighborhood, the amount of land, the quality of construction, the number of bathrooms, etc.

### **STEP III: THE TAX RATE**

The appropriations voted by the town or city, the school district, village district (if any) and the county, less revenue from all other sources, equals the amount of money needed to be raised by taxes. The money needed to be raised by taxes is then divided by the local assessed property values to arrive at the property tax rates.

For example, if an annual town meeting appropriated \$1,000,000 to fund town appropriations and anticipates receiving \$300,000 from motor vehicle registrations, other fees, gifts and grants to the town, then the balance of money needed to be raised by taxes would be \$700,000. This amount divided by a local assessed property value of \$25,000,000, for example, would equal a tax rate of \$28.00. Property tax rates are normally expressed per \$1,000 of valuation.

The equation for determining the local property tax rate is as follows:

$$\frac{\text{VOTED APPROPRIATIONS minus ALL OTHER REVENUE}}{\text{LOCAL ASSESSED PROPERTY VALUE}} \times \$1,000 = \text{PROPERTY TAX RATE}$$

By law, your property tax bill must show the assessed value of your property, along with the tax rate for each component of the tax: the town/city, village districts (if any), county, local education and state education tax rates.

### **STEP IV: EXEMPTIONS AND TAX CREDITS**

An exemption is a reduction in the local assessed value of property, while a credit is a reduction of the amount of tax due.

Every municipality offers some form of an exemption for elderly property owners meeting certain qualifications, and a tax credit for veterans. In addition, municipalities may adopt and grant the following exemptions: blind exemption, deaf exemption, solar, wind-powered, woodheating energy systems exemptions, and exemptions for the totally and permanently disabled. In addition, property tax credits are available to qualifying veterans or their surviving spouses.

For the 2006 tax year, applications for an exemption or a credit had to be made to the local assessing officials before March 1st, following the receipt of the 2006 tax bill. Effective for 2006 and after, applications must be received by April 15<sup>th</sup> prior to that year's tax bill.

Education property tax relief is available to low and moderate income homeowners who:

- Own a homestead or an interest in a homestead subject to the education property tax;
- Have resided in the homestead on April 1 of the year for which the claim is made; and
- Had a total "household income" of

1. \$20,000 or less if a single person;
2. \$40,000 or less if married or head of a New Hampshire household.

Forms for the low and moderate income homeowners property tax relief program are available each spring once all the equalization ratios are completed.

Pursuant to RSA 198:57, VI, education property tax relief claims must be filed with the Department of Revenue between May 1st and June 30th following the due date of the final tax bill. Since a required element of the claim form is the equalization ratio for the municipality in which the property is located, claim forms cannot be completed for release to the public until the annual ratio setting process is complete. Ratios for each municipality are issued by the department generally in April as a result of the Equalization Process described below. For more information, contact the Department at (603) 271-2687 or our website [www.revenue.nh.gov](http://www.revenue.nh.gov).

## **STEP V: THE EQUALIZATION PROCESS**

All towns and cities do not conduct revaluations in the same year. Some may be assessing property close to full value (because they just conducted a revaluation) while other towns and cities are assessing property at more or less than full value (because their revaluation is not current). This inconsistency makes it difficult to compare towns and cities to one another since the local assessed valuations are based upon different revaluation years.

The annual equalization survey conducted by the Department of Revenue Administration addresses this inconsistency by adjusting each municipality's total local assessed property value to full value.

The sole purpose for equalizing local assessed property values is to ensure that public taxes and state revenues shared by towns and cities will be reasonably apportioned. This includes state education tax, county tax, some cooperative school district taxes and some village districts taxes. The equalization process involves a detailed study of property sales throughout the state and compares those sales with the local property assessments. A by-product of the equalization process is the determination of a ratio. Generally, the ratio shows the average level at which the town or city assessed property in the previous year in comparison to full value.

For example, a ratio of 90% would indicate that the town generally assessed property at approximately 90% of full value. The ratio does not necessarily apply to any specific property assessment, but rather indicates the average level of assessment throughout the town or city.

Over a period of several years, as the value of property increases or decreases due to market fluctuations, the ratio (the comparison of the local assessed value to full value) also fluctuates. A ratio of 100% indicates that, on the average, the municipality is assessing at full value. A ratio below 100% indicates average assessments are below full value, and a ratio above 100% indicates average assessments are above full value.

Neither a high nor a low ratio, in itself, should be cause for alarm. Whether a town or city is assessing at 110% or 90% of full value is really not significant. What's important is that the assessments are proportional, so that each property owner bears their share of the property tax burden based upon the value of their property.

## **STEP VI: ASSESSMENT REVIEW**

As a result of the Supreme Court's decision in *Sirrell v. State of New Hampshire*, all towns and cities in New Hampshire are currently on a five-year cycle beginning in 2003 that requires the

Department of Revenue Administration to review the assessments of a municipality pursuant to RSA 21-J:11-a, II. Approximately one-fourth of the towns and cities have been scheduled for this Assessment Review in 2003, 2004, 2005 and 2006 respectively. The Assessing Standards Board (ASB) has adopted recommended guidelines to be met by towns and cities for their assessment review. The Department's staff conducts field reviews of the records and assessing practices of all towns and cities in accordance with the ASB recommended guidelines, and reports their findings to the municipalities and to the ASB. This report becomes a public document upon its issuance.

## **STEP VII: PROPERTY ASSESSMENT APPEAL PROCESS**

There is a two-level appeal process available to any property owner who believes the assessment of their property is in error.

The first level of appeal to request an abatement of property taxes must be made to the local assessing officials. The request for abatement must be made in writing by March 1st after the date the tax bills were mailed. If the local assessing officials neglect or refuse to satisfactorily abate the tax, the second level of appeal is either to the Board of Tax and Land Appeals or to the Superior Court in the county where the property is located.

An opinion that property taxes are "too high" is not adequate grounds to justify an abatement. The "amount of tax" is usually not appealable since the amount of money needed to fund local government operations is determined by the local legislative bodies through the budget process. Generally, there must be an error in the assessment of your property in order to qualify for an abatement.

## **CONCLUSION**

Property taxation in New Hampshire is a process involving all levels of government, from the voters at town and school district meeting, city councilors, and local assessing officials, to state legislators and court officials. It is a yearly process beginning with the preparation of the budget and voting of appropriations, continuing with the assessment of property and the setting of the tax rates, and concluding with the appeal process. Residents and non-residents, homeowners and landlords, commercial and industrial businesses, all bear the responsibility for paying their proportional share of property taxes.

## Questions & Answers

### **1. Is there a set standard for adjustments – topography, slopes, steep incline, landscape or not?**

**Answer:** The governing NH statute that goes to method and things like adjustments is RSA 75:1. This law sets market value as the basis for all assessments in NH. Rather than to try to define in statute every possible situation that might affect market value, the legislature has left that task up to the appraisal profession.

Just as the NH Real Estate Appraisal Board does not define what adjustments are to be for things like topography, slopes, steep incline, landscape, etc when appraisers under their jurisdiction are doing appraisals, the legislature has not defined the items for appraisers and assessors appraising values for ad valorem taxation. Why? The answer is because market value is simply not the same thing everywhere. All appraisers are required to consider all factors that affect market value but only to the scope of work for their current assignment.

Scope of work is discussed in detail in Standard 1 of the 2005 Uniform Standards of Professional Appraisal Practice (USPAP) and also in Standard 6 as it applies to mass appraisal. It states in USPAP 6-1(b) not commit a substantial error of omission or commission that significantly affects a mass appraisal. Factors affecting market value in Manchester may not be exactly the same as factors affecting market value in Franconia even though some slopes, topography, or landscapes may be identical, the adjustments as seen in the market may not be the same at all. So to legislate or try to define what adjustments will be everywhere may be contrary to market value from place to place. The test for property tax assessment in most states is market value.

Regardless of the scope of work or the subject of the appraisal, adjustments must be made from the market information available to the appraiser. This is best done by conducting a comprehensive analysis of sales that have taken place over the recent past. Sales between willing sellers and willing buyers who are under no particular pressure to buy or sell on properties that have had reasonable exposure in the market place and are reasonably informed about the uses of the property are those most indicative of market value. Once this has been done, the appraiser is now ready to begin applying the appropriate adjustments as consistently as possible to sale and non-sale properties alike that pertain to that particular assignment or jurisdiction (municipality). Overall job quality can then be judged by applying statistical analysis to the municipality as a whole through ratio studies, etc. This is especially valuable through the comparison of subsequent sales that the appraiser had no knowledge of and the assessments that had been placed on those subsequent sale properties. The closer the numbers match up, the better overall quality of the job.

### **2. What are standard for companies and town assessors?**

**Answer:** RSA 21-J:14-f states that, “Every person, whether working individually, for a firm or corporation, or as a municipal employee, making appraisals of a municipality for tax assessment purposes, except elected officials making appraisals pursuant to RSA 75:1, shall be certified by the department (DRA) according to rules adopted by the assessing standards board...”

### **3. Are these new requirements for USPAP? If so, is there financial help?**

**Answer:** On May 30, 2006, the Governor signed HB1206, which established guidelines for revaluations by July 1, 2006 based on the 2005 edition of USPAP Standard 6. During the ASB’s

deliberative meetings, the majority of the attending assessors indicated that they already implemented USPAP in their day-to-day work.

Yes, USPAP is a new requirement, and no there is no financial assistance but other methods of assistance have been provided, such as, the USPAP template to help make the reporting process easier. The ASB has this subject on their task list for future review.

#### **4. Where are the manuals available for the public?**

*Assumption: The manual being referenced is the USPAP Report.*

**Answer:** USPAP Reports developed by assessors, as part of a revaluation will be available in the municipal offices for municipalities whose revaluations have occurred after April 1, 2007.

The Assessing Reference Manual for Selectmen, Assessors, and Taxpayers being developed by the ASB will be sent to all municipalities and available on the DRA website.

#### **5. In Current Use – is USPAP incompatible?**

**Answer:** The Current Use statute is a jurisdictional exception to USPAP. Local or state laws always supersede USPAP standards.

Current Use is a special assessment program authorized and established by the New Hampshire Constitution and New Hampshire state statutes. Its purpose is to assess open space land at other than market value.

#### **6. USPAP 6 – What is the methodology used in the towns?**

**Answer:** Compliance with USPAP Standard No. 6 requires that “an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques” to develop an opinion of market value. As a result of the implementation of USPAP, the local assessing officials and/or the contractor hired by the municipality, must document their work in a report format that effectively describes the work they have completed. A successful report will identify the underlying concepts and data utilized, and explain the adjustments, factors, and techniques that have been utilized to derive the final values. Overall, the adoption of USPAP was intended to not only improve the quality of assessments statewide, but to also ensure local assessing authorities are accountable and can support their work.

#### **7. What happens if a town fails USPAP 6?**

**Answer:** If a USPAP report is submitted for a revaluation and that report is not USPAP compliant, both the municipality and the ASB will be notified of the areas it is not compliant with. This will be part of the Assessment Review final report for 2008-2012 and become part of the municipality’s assessment evaluation. As with all other ASB guidelines, the municipality will be encouraged to have the non-compliant areas corrected.

#### **8. Where is the manual available on the Web?**

*Assumption: The manual being referenced is the ASB Assessing Reference Manual.*

**Answer:** The Assessing Reference Manual for Selectmen, Assessors, and Taxpayers will be available on the DRA website at [www.revenue.nh.gov](http://www.revenue.nh.gov) in the Quick Link section and on the Property Appraisal page in the ASB section as an Adobe Reader file.

#### **9. Definition of a view?**

Answer: VIEW – anything within range of vision from a property’s location that may influence, either positively or negatively, the market value of that property, as evidenced by real estate market transactions.

1. Black’s Law Dictionary defines view as: view, noun. – The common law right of prospect, that is, an outlook from the window of one’s house (Black’s Law Dictionary, Seventh Edition, 1999)
2. Dictionary of Real Estate defines view as: view, noun, - The scene or prospect viewed from a site or property. (The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, Appraisal Institute)
3. American Heritage College Dictionary defines view as: view, noun – 1b: A sight, a look; 3. An individual and personal perception, judgment, or interpretation; an opinion; 5. A scene or vista; 6. A picture of a landscape.

**10. If view is used in 2007, has to be explained? Is it in the manual?**

***Assumption: The manual being referenced is the USPAP Report.***

Answer: Yes, explanations of how views were applied will be found in the USPAP Report within the local municipality, for 4/1/2007 revaluations and beyond.

No, there is no definition of view in the Assessing Reference Manual for Selectmen, Assessors, and Taxpayers, it references influence factors.

**11. Why was Lincoln chosen?**

**Answer:** The ASB has tried to vary the locations of the public forums across New Hampshire. Below is a chart showing all ASB public forum locations held since 2002.

<b>Year</b>	<b>Locations</b>	<b>Year</b>	<b>Locations</b>
<b>2002</b>	Berlin, Plymouth, Peterborough, Exeter	<b>2005</b>	Plainfield, Conway, Manchester
<b>2003</b>	Lancaster, Moultonborough, Manchester, New London, Exeter, Peterborough	<b>2006</b>	Lancaster, Durham, Manchester, Whitefield
<b>2004</b>	Concord, Manchester, Littleton	<b>2007</b>	Colebrook, Manchester, Keene, Rochester, Lincoln

**12. Why isn’t the Property Record Card (PRC) standardized? Is there a uniform card?**

Answer: Although all PRC’s contain much of the same basic information, neither current New Hampshire law, nor DRA rules require that every municipality utilize the same Computer Assisted Mass Appraisal (CAMA) system. Currently multiple CAMA systems are utilized by both revaluation companies and individual municipalities. These CAMA systems incorporate different data elements and different CAMA codes that render use of a standardized PRC impractical for use in multiple CAMA systems. The ASB has this subject on their task list for future review.

**13. How to get input to the ASB? What is a forum?**

Answer: Individuals can contact the ASB by:



1. Email @ [dwirkkala@rev.state.nh.us](mailto:dwirkkala@rev.state.nh.us),
2. Regular mail to NH Dept of Revenue Administration Assessing Standards Board PO Box 487 Concord NH 03302-0487,
3. Hand delivery or special delivery (UPS, FedEx) to 57 Regional Drive Concord NH 03301.

A forum per RSA 21-J:14-b II states “The board shall hold a series of at least 3 public forums annually throughout the state to receive general comment through verbal and written testimony on assessing guidelines and practices. A quorum of the board shall not be required to hold such public forums.”

#### **14. What is the relationship between ASB, ESB, DRA, BTLA and NHMA (LGC)?**

Answer: The ASB and the ESB are boards that have been established by statute as part of an ongoing effort to improve the overall quality of assessing and equalization in the state of NH. The powers and duties of the ASB may be found in RSA 21-J:14-b. The powers and duties of the ESB may be found in RSA 21-J:14-d. Each board is administratively attached to the DRA and this means that the DRA provides only clerical and budgetary support to the boards in accordance with RSA 21-G:10.

The Board of Tax and Land Appeals (BTLA) is an independent state agency established under RSA 71-B:1 to hear and determine all matters involving questions of taxation properly brought before it. The BTLA has no direct relationship with any of the other boards and agencies discussed here.

The New Hampshire Municipal Association (NHMA / LGC) is a nonprofit, non-partisan membership organization of municipalities. The NHMA is a private organization and has no direct relationship with any of the other boards and agencies discussed here.

#### **15. How does the monitoring process go forward?**

Answer: Under RSA 21-J:11, DRA personnel monitor revaluations at no cost to the municipality. A random selection of PRC’s representing all types of property, are reviewed for data accuracy. In addition, all statistical analyses performed in a revaluation are reviewed as well. Reports are filed with municipalities for all work reviewed, and a final report summarizing the review of the entire revaluation is also submitted to the municipality and kept on file at the Department of Revenue.

#### **16. Are the Selectmen the final assessing authority?**

Answer: The Selectmen as elected officials are the official assessors in a municipality unless a separate Board of Assessors is established under RSA 41:2-c, d, e, and g. The selectmen are the final assessing authority unless the BTLA takes that authority from them under RSA 71-B:17.

**RSA 71-B:17 Procedure for.** – When ordered to make an assessment or reassessment the selectmen or assessors shall make it within such time as the board orders. If a town meeting or a city council prior to the expiration of the time prescribed in the order votes to have a complete appraisal or reappraisal made of all of the taxable property in the town or city, under terms and conditions satisfactory to the board, then the order of the board is suspended until such time as the appraisal or reappraisal is completed. If the appraisal or reappraisal is satisfactory to the board the order shall be removed. If the

assessment or reassessment is not made in conformity with the order, except as above provided, or if it is not satisfactory to the board, the board may certify the order to the commissioner of revenue administration who shall cause the reappraisal to be made by his department or by professional appraisers employed for the purpose. The commissioner of revenue administration is authorized to incur the expense of the appraisal and to certify the cost thereof to the governor who shall draw his warrant on the state treasury out of any money not otherwise appropriated authorizing payment of the sum so certified.

Many RSAs including RSA 76:16 & RSA 74:1 give the authority to selectmen (with some exceptions) to take an inventory of all the estate liable to be taxed.

### **17. How is the view calculated?**

Answer: There are multiple recognized techniques to value a “view”. Therefore, values are calculated at the local level, based on local market factors. However, compliance with USPAP Standard No. 6 requires that “an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques”. As a result, the adoption of USPAP through the passage of House Bill 1206 was intended to not only improve the quality of assessments statewide, but to also ensure local assessing authorities are accountable and can support their work.

### **18. How is an appeal done? How quickly can you get an appeal back?**

Answer: RSA 76:16, 76:16-a and RSA 76:17 sets forth the due process procedure for property tax appeals in most cases. This procedure is also printed on the back of your local property tax bill. The law gives anyone aggrieved by the assessment of a tax the right to appeal in writing 1<sup>st</sup> to the local Board of Selectmen or Assessors by March 1 following the date of notice of tax (The fall tax bill). The law 76:16 then gives the Selectmen until July 1 to reply to the applicant for abatement. If the Selectmen reply before July 1 with a negative response or if the taxpayer believes that a positive response does not adequately address the appeal, they may further their appeal to the BTLA (RSA 76:16-a) or to the Superior Court (RSA 76:17) in the county in which his property is located by September 1. Failure to notify an applicant by July 1 constitutes a denial. Appeals beyond the local level are on an as received basis and may take some time depending on the backlog of previous cases. Currently BTLA is backed up approximately 18 to 20 months.

### **19. When selling prices go down, why don't assessments go down?**

Answer: Selling prices are constantly fluctuating with the real estate market, which goes both up and down. The only way to keep assessments at market value would be to have a revaluation or an assessment update on an annual basis. This is very costly, both in terms of time and manpower.

Municipalities are only required by the Constitution to revalue properties to full market value every five years. During the time between revaluations, value may go either up or down.

Assessments change for the following reasons:

1. Municipality conducts a revaluation (either partial or full) or statistical update.
2. The property itself changes (new deck, new pool, finished basement etc.)

The most important question to ask is: “**Are the assessments proportional with all other assessments?**”

**20. Is there a conflict of interest to have assessors on the board?**

Answer: The make-up of the ASB is established under RSA 21-J:14-a, which provides for only four (4) of the 15 members to be assessors. This allows for vital input from the assessment profession without permitting a majority presence on the Board.

**21. What can a person do when they see the rules being ignored?**

Answer: Revaluations should be performed in accordance with the contract that exists between the municipality and the revaluation company. If work is not being done according to that contract, both individuals and DRA personnel should bring that to the attention of the municipal governing body for proper enforcement. Should the municipality fail to enforce the contract, individuals may contact the BTLA.

**22. Are the discretionary preservation easements being implemented and interpreted in a uniform way?**

Answer: The DRA has very limited authority when dealing with discretionary preservation easements.

Each discretionary preservation easement is custom designed by the municipality and the taxpayer. Agreement must be made regarding the length of time of easement, % of assessed value, etc.

There are a couple areas of the statute that could be interpreted in more than one way and no case law to clarify existing gray areas in the statute. Thus, it is difficult to ascertain whether discretionary easements are being implemented and interpreted in a uniform way.

**23. Could the assessed value in the first year of a discretionary preservation easement be used to determine the date of value?**

Answer: NO! RSA 79-D:7 II provides “...The assessment shall not be increased because the owner undertakes maintenance and repairs designed to preserve the structure...” It does not prohibit municipalities from updating the assessment as part of a revaluation, statistical update, etc. In fact, it would be contradictory for municipalities to use only the original assessment without making changes. Municipalities are required by the constitution and by statute to bring their values anew every five years.

**24. What is the value of a view? Is it for house, land, and view? What percentage is the view on the tax bill?**

Answer: The value of a view varies from place to place. Consequently, no concrete quantitative or qualitative value in general can be formulated to fit all locations in all places. Therefore, it is up to the appraiser to interpret available market data to determine what value is appropriate. External influences have always been a factor in the development of an opinion of value by both assessors and fee appraisers. The view itself is a factor upon the land or the location of the land in relation to whatever view is visible from that land or from structures on that land. The land and the view are one with itself regardless of the presence of a building or not. Vacant land can also be adjusted for a view. There is no set percentage that the view adds to the value of the property. This may and will vary from place to place.

## **25. Who oversees the assessing firms?**

Answer: All persons, whether individuals or as employees of a municipality or a revaluation company, must be certified by the DRA under guidelines established by the ASB. Under RSA 21-J:11, no one can enter into any contract or agreement for appraisal work with a municipality without first submitting a copy of the proposed contract or agreement to DRA for review and recommendations. The DRA then monitors work done under these contracts under RSA 21-J:11 (II) and then reports to the governing body that oversees the assessing process it has contracted for.

## **26. Who is the license board?**

Answer: There is no licensing board for assessors. However, there is a certification process as described in the response to question 2.

The ASB has revocation and suspension of assessors on their task list for future review.

## **27. What is the process to get copies of the manual?**

*Assumption: The manual being referenced is the ASB Assessing Reference Manual.*

Answer: When the Assessing Reference Manual for Selectmen, Assessors and Taxpayers is complete it will be available on the Internet as an Adobe Reader file and can be downloaded. Hard copies will be sent to each municipality when complete and it will be made available to anyone who requests it for a nominal fee.

## **28. Can a copy of the manual be sent to the libraries?**

*Assumption: The manual being referenced is the ASB Assessing Reference Manual.*

Answer: Copies will be provided to the State Library and additional copies of the manual can be made available to any individual or entity that requests it for a nominal fee.

## **29. What is the difference between appraiser and assessor?**

Answer: An appraiser estimates the market value of an identified interest in a specific parcel or parcels of real estate as of a certain date. An assessor estimates market value for property tax purposes, utilizing statistical analysis. Both seek to estimate market value.

“The assessor is responsible for discovering, listing and valuing all taxable property.” (Property Assessment Valuation, IAAO, Chicago, 1977, page 1)

“The primary tasks performed by assessors working toward completion of an assessing roll are:

1. Locating and identifying all taxable property in the jurisdiction.
2. Making an inventory of the quantity, quality, and important characteristics of all taxable property.
3. Estimating the value of each taxable property.
4. Determining the extent of taxability of each property.
5. Calculating the assessed value of each property.
6. Preparing and certifying the assessment roll of the entire jurisdiction.
7. Notifying owners of the assessed value of their properties.
8. Defending value estimates and valuation methods during appeals by taxpayers.
9. Calculation of rates and tax bills.”

(Property Appraisal and Assessment Administration, IAAO, Chicago, 1990, page 18-19)

“Appraiser: one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.” (USPAP 2005 Edition, The Appraisal Foundation, page 2)

### **30. What is the NH Advantage (Chapter 1.1)?**

Answer: Chapter 1, Section 1.1 of the newly proposed Assessing Reference Manual for Selectmen, Assessors, and Taxpayers refers to the “New Hampshire advantage” as the fact that unlike neighboring states, New Hampshire has neither a state income tax nor state sales tax. Whether this is truly an advantage is in the eye of the beholder.

### **31. Are negative values deducted from assessments? (Chapter 5.6)**

Answer: Yes, negative values (influences) can be deducted. These may take the form, for example, of a specific site value being less than the base site value for a municipality due to topography or proximity to a landfill or other undesirable features, or as adjustments to a building for having obsolete features.

### **32. What is the view component?**

Answer: The view component of the assessment should be the portion of the overall assessment that the assessing official can attribute to the subject property, either negative or positive, as a result of direct market evidence derived from properties with similar features. Typically the market reacts negatively if a property overlooks a junk-yard or waste water treatment facility while the market may pay a premium for properties offering scenic views of mountains, lakes or maybe even a section of agricultural land. Again, the key is the component of value should be market extracted and be defensible.

### **33. What is the difference between Manchester and the North Country “looking at trees”?**

Answer: Most of Manchester “looks” very differently from most of the North Country. There is very little open space land left in Manchester. The opposite is true for the North Country. Sure there are small pockets in some larger North Country municipalities that may resemble some Manchester areas but the fact is the two are quite different. As a result of this most of Manchester has what is commonly referred to as a ‘neighborhood’ view. That is to say, because of the urban compact nature of Manchester, most properties look out onto other homes in close proximity in the neighborhood and there is nothing remarkable about them. This is also true for the majority of properties in the state.

The point is every property, no matter where it is located, has a view of something. The key word in determining whether or not that view adds extra value is “remarkable”. Is that view out of the ordinary? If it is, then it is probably a remarkable view. We see it all the time. Remarkable views are highlighted in the marketing ads of Realtors. “Views, Views, Views”, some ads tout. Countless others remark how a wonderful view enhances the value of a particular property. Hence alerting prospective buyers to properties that have the view the buyer is looking for or putting on notice to other buyers for whom a view is not a priority and are looking for lower priced properties.

This all has to do with market value. That is the value that willing sellers and willing buyers who are under no particular pressure to buy or sell on properties that have had reasonable exposure in the market place and who are reasonably informed about the uses of the property.

The way to determine market value and the influences thereon is to study the local market. For a true appraisal, there is no other way.

**34. What time of year is view?**

Answer: This question is about what is commonly called a “seasonal” view. That is to say a view that is more pronounced from late fall to early spring when the leaves have fallen from the trees which otherwise block the view from sight. This would in all likelihood be a mitigating factor when applying a view factor because the full benefit of the view is available less than the full year. How much of a mitigating factor should be, depends on sales from the market.

**35. What are criteria for view?**

Answer: The criteria for view that impacts the assessment of a property is the result of a market analysis for sales similar to the subject within the area considered to be the market for the subject. The local assessing official should document and support the scope of view or external influence of value within the municipals USPAP compliant report required for all updates or revaluations after April 1, 2007.

**36. How does the process the assessors do differ from the bank?**

Answer: An appraisal for a bank is for a single property where the appraiser normally looks at three to five comparable properties that recently sold in the same general area, then makes adjustments to these sales based on how they differ from the appraised property as of the date of value.

Assessors are appraising all of the properties in their jurisdiction as of a given date. They thus look at all of the sales, cost and income data, build models, and make adjustments based on those sales and models. Additionally, they rely heavily on statistical testing of all of their work to measure the average level of assessment and dispersion of all properties to evaluate the accuracy and consistency of their work.

With the exception of current use, the assessor is estimating the market value of the fee simple rights of the property as of April 1<sup>st</sup> of the year of the revaluation. Other than methodology, the main difference between a “fee appraisal” and an “ad valorem appraisal” will be determined by the rights appraised and the date of the appraisal.

**37. How do you justify taxing what is over there?**

Answer: External influences have always been incorporated into the development of property values. It’s been suggested that in most cases a taxpayer does not “own” the land, which is the source of the view. As we have seen in questions 33 & 35, “The view itself is a factor upon the land or rather the location of the land in relation to whatever view is visible from that land. The land and the view are one with itself regardless of the presence of a building or not.” Therefore, there is ownership of the view because of the locational relationships.

**38. How do you determine view, besides sales?**

Answer: Adjustments for any factor, including view should be determined from comparable sales. The more comparable sales that exist in close proximity, as well as being very similar in all characteristics to non-sale properties, the better. As comparable properties get further away - even if in other municipalities - or get less comparable as to characteristics, they still may be used, even if they require greater adjustments. Such is the case with view factors. Even if no

sales exist in close proximity with an identical view, comparison to other more distance sales or those having lesser views can be utilized by making reasonable and proper adjustments.

**39. Who put the value on a view?**

Answer: Willing sellers selling to willing buyers put the value on the view. Experienced appraisers interpret this market activity and apply it according to state law (market value RSA 75:1).

**40. Are any of the seven criteria for “market value” given more weight than the others?**

Answer: No one criteria for market value is given more weight to another in every instance. Only the market itself will tell the assessor which criteria are of more importance to any specific sale.

The board was unsure of what the “seven criteria” was referencing.

**41. Is there a different way to assess residential property that is next to commercial property?”**

Answer: We must begin by saying that there is a tremendous amount of variability in the market that must be taken into consideration. For that reason, every valuation exercise begins with a determination of the “highest and best use” (or the maximum profitable/productive use) of the property.

For instance, is the location characterized by many residential and commercial properties in close proximity to one another? Or is the situation you are inquiring about specific to a single residential property, in a neighborhood considered to be generally “commercial”?

However, if we assume that the zoning requirements are similar in both instances, the assessment methodology associated with valuing a residential property surrounded by other residential properties, or a residential property adjoining a commercial use, is basically similar, with one further adjustment required. Generally speaking, an analysis of market data would likely indicate that a residential property located adjacent to a commercial property may sell for more or less than a residential property located next to other residential uses, all else being equal. Therefore, the residence located next to a commercial property would be adjusted. The extent or size of the adjustment must be supported by the market data.

**RSA 75:11 Appraisal of Residences. –**

I. The owner of record of any residence located in an industrial or commercial zone may apply on or before April 15 of each year to the selectmen or assessors, on a form prepared by the selectmen or assessors (*DRA PA-42*), for a special appraisal of the residence for that year, based upon its value at its current use as a residence. After the initial application, reapplication may be made on a form which shall be sent to the applicant by the assessing officials with the inventory blank. If any owner shall satisfy the assessing officials that the owner was prevented by accident, mistake or misfortune from filing said application on or before April 15, the officials may receive the application at a later date and classify the residence under this section; but no such application shall be received after the local tax rate has been approved by the commissioner of revenue administration for that year.

II. The assessing officials shall notify the applicant on a form provided by the commissioner of revenue administration no later than July 1, or within 15 days if the application is filed after July 1, of their decision to classify or refusal to classify the applicant's residence by delivery of such

notification to the applicant in person or by mailing such notification to the applicant's last and usual place of abode.

III. Prior to July 1 each year, the assessing officials shall determine if previously classified residences have been reapplied or have undergone a change in use. A list of all classified residences and their owners in each town or city shall be filed by the respective assessing officials each year. Such list shall be part of the inventory and subject to inspection as provided in RSA 76:7.

IV. The commissioner shall execute such other forms, procedures, and regulations as are needed to assure a fair opportunity for owners to qualify under this chapter and to assure compliance of uses on classified property.

V. [Repealed.]

VI. The selectmen or assessors shall make such a special appraisal of any eligible residence whose owner correctly applies in accordance with paragraph I, and shall assess the tax for that year on that special appraisal.

VII. Whenever the owner of a residence which has been classified as an eligible residence shall fail to reapply for a current use assessment, the property shall be assessed at its RSA 75:1 value for that year.

#### **42. Do all comparables stay within the same town to establish value?**

Answer: Comparables do not have to stay within the same municipality to establish value. The more sales that exist for a certain type of property, the more likely and appropriate that the comparables will be in the same municipality, or even the same neighborhood. With little or no sales available, or for specific-use properties, comparables may only exist outside the municipality.

#### **43. Can land that has been subdivided be treated differently?**

Answer: Market value is determined by the highest and best use of the property. Land is to be assessed in accordance with RSA 75:1 at their full and true value. Assessors/appraisers would take into consideration what affect a subdivision might have on the ad valorem value.

If you have further questions, comments or concerns please feel free to contact the Assessing Standards Board or Equalization Standards Board by email to:

Dawn Wirkkala [DWirkkala@rev.state.nh.us]

or by regular mail at:

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